

RED HERRING

VENTURE CAPITAL

Kinexus tracks cellular conversations

By Dealflow Staff

March 23, 2001

TOP STORY: KINEXUS BIOINFORMATICS CAPTURES \$1.2 MILLION

A fishing trip may seem like a strange analogy for a biotech firm, but Kinexus Bioinformatics follows the same principle as any angler: to find the right bait, you have to know the fish. This upstart is helping drug companies find the right bait -- in this case, small molecule drugs -- to treat disease related to a class of proteins called kinases.

Kinases are responsible for most communications that occur within a cell. They instruct the cell on what enzymes and proteins to make and direct the corresponding 'cascade' of complex interactions that occur to get the job done.

But, as in life, not every conversation goes perfectly. So, when a kinase interaction goes awry, bad things happen. More than 400 human diseases are linked to bad communication between kinases and cells, from the uncontrolled cell growth that's associated with cancer to heart disease.

Kinexus (<http://www.kinexus.ca>) is building a map of how kinases operate normally and how they malfunction and cause disease. The firm offers screening services to research labs that identify different protein kinases and their target sites in cell and tissue samples. In addition to bringing in revenue of \$499 per test, the services provide Kinexus with the data its needs to draw a map of kinase interactions.

When the database is finished, Kinexus plans to sell pharmaceutical firms access to it for about \$5 million per year. The map will enable companies to identify quickly the right drug target for specific kinase interactions.

A partial database of kinase interactions will be available by next year. Further down the road, CEO Steven Pelech expects to create a 'protein chip' the size of a postage stamp that could track thousands of kinase interactions at once. The kinase database itself will be a \$50 million business in short order, he claims. With 19 employees, the firm's burn rate is about \$100,000 per month, with profitability about a year away. Mr. Pelech is already in the process of raising a new \$10 million round.

FUNDING DETAILS -- Location: Vancouver, British Columbia; Amount: \$1.2 million; Round: seed; Lead Investor: Milestone Medica; Other Investors: BIRC Capital; Future Fund Capital. -- [Steve Silverman](#)
